

LOUISIANA COMMUNITY ECONOMIC RESOURCE CENTER, INC.

Accountant's Compilation and Attestation Reports,
With Financial Statements and
Notes To the Financial Statements

For The Year Ended December 31, 2003

Deemer CPA and Consulting Services, LLC

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-1-04

Louisiana Community Economic Resource Network, Inc.
Table of Contents

	Page
Accountant's Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Schedule of Functional Expenses	6
Attestation Questionnaire	7-8
Attestation Report	9-12

Accountant's Compilation Report

To the Board of Director's of
Louisiana Community Economic Resource Network, Inc.

I have compiled the accompanying statement of financial position of Louisiana Community Economic Resource Network, Inc. (LCERN) as of December 31, 2003, and the related statement of activities, cash flows, and schedule of functional expenses for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements, and accordingly, do not express an opinion or any other form of assurance on them.


Deemer CPA and Consulting Services, LLC
New Orleans, Louisiana
November 22, 2004

LA Community Economic Resource Network
Statement of Financial Position
As of December 31, 2003

Assets

Current Assets

Cash	\$ 29,741
Accounts Receivable	<u>0</u>

Total Current Assets 29,741

Fixed Assets(Net)

Equipment	6,748
Less: Accumulated Depreciation	<u>(2,249)</u>
Fixed Assets (Net)	4,499

Total Assets **\$ 34,240**

Liabilities and Net Assets

Current Liabilities

Payroll liabilities	\$ 4,110
Loan Payable	14,000
Line of Credit	<u>10,000</u>

Total Liabilities 28,110

Net Assets

Temporarily Restricted	<u>6,130</u>
------------------------	--------------

Total Net Assets 6,130

Total Liabilities and Net Assets **\$ 34,240**

The accompanying notes are an integral part of these financial statements.

**LA Community Economic Resource Network
Statement of Activities
For the Year Ended December 31, 2003**

Changes In Unrestricted Net Assets

Unrestricted Support	\$ -
Assets Released from Restrictions	357,324
Program Expenses	(317,253)
Management and General expenses	<u>(40,071)</u>
Decrease in Unrestricted Net Assets	0

Changes In Temporarily Restricted Net Assets

Grant Revenues	<u>341,548</u>
Assets released from restrictions	<u>(357,324)</u>
Total Decrease in Temporarily Restricted Net Assets	(15,776)
Decrease in Net Assets	(15,776)
Net Assets Beginning of Period	<u>21,906</u>
Net Assets End of Period	<u><u>\$ 6,130</u></u>

The accompanying notes are an integral part of these financial statements.

**LA Economic Community Resource Network
Statement of Cash Flows
For the Year Ended December 31, 2003**

Cash Flows From Operating Activities:

Changes in Net Assets	\$(15,776)
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	2,249
Changes in Operating Assets and Liabilities	
Payroll Liabilities	4,110
Line of Credit	10,000
Accounts Payable	<u>(670)</u>
Net Cash Provided by Operating Activities	(87)

Cash Flows From Investing Activities:

Purchases of Fixed Assets	(6,748)
---------------------------	---------

Cash Flows From Financing Activities:

Proceeds from Officer Loan	14,000
----------------------------	--------

Net Cash Increase for Period	7,165
------------------------------	-------

Cash, At Beginning of Period January 1, 2003	<u>22,576</u>
--	---------------

Cash, At End of Period December 31, 2003	<u><u>\$ 29,741</u></u>
--	-------------------------

The accompanying notes are an integral part of these financial statements.

Louisiana Community Economic Resource Network, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2003

1. Summary of Significant Accounting Principles

General – Louisiana Community Economic Resource Network, Inc. (LCERN) is a nonprofit corporation located at 4205 ½ Canal Street, in New Orleans, Louisiana. The agency’s “mission is to promote improving the quality of life for families in the New Orleans community.” The organization pursues its mission through activities that promote economic development, empowerment of individuals and the community, and housing and family services.

Basis of Accounting - LCERN’s financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - The straight line method of depreciation is used for the assets owned by LCERN, Inc. The estimated useful life of these assets is 3 years.

Income Taxes - LCERN, Inc. has been given an advanced determination ruling by the Internal Revenue Service under tax exempt Section 501 (c) 3 of the Internal Revenue Code. The advance ruling period ends on December 31, 2004.

Cash - Cash is comprised of cash on hand and in banks.

2. Restrictions on Net Assets

Restrictions placed on net assets are related to the funds received by LCERN, Inc. from state and federal grant awards. These assets are released from restrictions as grant rules and regulations are met by the organization.

Loan Payable - An officer of the agency loaned \$14,000 to LCERN, Inc., there are no specified repayment terms nor any stated interest rate.

Line of Credit - The agency secured a line of credit with a local bank which has current repayment terms. The bank may exercise its right to revoke the loan at any time.

LA Community Economic Resource Network
 Schedule of Functional Expenses
 For the Year Ended December 31, 2002

	URBAN		TANF		Total
	Program Services	Admin. & Gen'l	Program Services	Admin. & Gen'l	
Expenses:					
Payroll Expenses	0	0	33,295	3,063	36,358
Payroll Taxes	0	0	4,750	490	5,240
Rent Expense	0	0	5,900	0	5,900
Professional Services	2,375	500	1,146	1,250	5,271
Supplies	563	0	4,568	0	5,131
Insurance	0	0	2,004	0	2,004
Total	\$ 2,938	\$ 500	\$ 51,663	\$ 4,803	\$ 59,904

The accompanying notes are an integral part of these financial statements.

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes No

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes No

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

N/A

Yes No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

<u>John R. Remoney</u>	Secretary	_____	Date
<u>Chasem H. Kirkland</u>	Treasurer	_____	Date
<u>Sharon F. [Signature]</u>	President	_____	Date

**ATTESTATION REPORT
(Quasi-Public Entity)**

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Management of Louisiana Community Economic Resource Network, Inc.

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Louisiana Community Economic Resource Network, Inc. (LCERN), the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about LCERN's compliance with certain laws and regulations during the period ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

LCERN's accounting reporting period is on a calendar year basis. The following is a schedule by grant and grant period of the expenditures reported for January 1, 2003 through December 31, 2003.

Grant Name	Grant Period	State Award Expenditures	Federal Award Expenditures
Urban	July1, 2002-June30, 2003	36,089	
Urban II	Sept 1, 2003-June 30, 2004	43,269	
TANF	Sept 15, 2002-Aug 31, 2003		277,966
Total		79,358	277,966

2. For each Federal, state, and local award, I randomly selected 6 disbursements from the award administered during the period under examination.

There are three separate funding sources, from which 6 disbursements were randomly selected during the period of January 1, 2003 through December 31, 2003.

3. For the items selected in procedure 2, I attempted to trace the eighteen disbursements to supporting documentation as to proper amount and payee.

There were no exceptions noted in performing this procedure. Eighteen randomly selected disbursements were traced to proper amount and payee through review of invoices and canceled checks.

4. For the items selected in procedure 2, I attempted to determine if the eighteen disbursements were properly coded to the correct fund and general ledger account.

The eighteen disbursements were properly coded to the correct fund and general ledger accounts through review of LCERN's general ledger and financial statements.

5. For the items selected in procedure 2, I attempted to determine whether the eighteen disbursements received approval from proper authorities.

The eighteen disbursements tested appeared to have approval from the proper authorities through review of supporting documentation which included check requests, "OK to pay" signatures on invoices.

6. For the items selected in procedure 2: For federal, state and local awards, I determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

I reviewed the previously listed disbursements for types of services allowed or not allowed. The allowability requirements appeared to be met for eighteen disbursements, because expenditures were included in the approved budget and appeared to coincide with the goals of the program. Also, expenditures were reviewed in comparison to non-allowable expenditures under state and federal guidelines and no items were noted.

Eligibility

I reviewed the previously listed disbursements for eligibility requirements. Disbursements were in accordance with the approved budget for eighteen disbursements reviewed.

Reporting

I reviewed the previously listed disbursements for reporting requirements. Twelve disbursements were reported properly on Governor's Office of Urban Affairs Monthly cost sheets and in financial statements. Also, six of the federal expenditures were reported properly on monthly cost sheets.

7. For the programs selected for testing in item (2), I planned to compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There was a closeout report required for the Governor's Office of Urban Affairs grant from July 1, 2002 through June 30, 2003. The amounts entered in the closeout report agreed with the entity's financial records. There was however, approximately \$6,000 of equipment purchases included in the total expense amount of the closeout report which was properly classified as fixed assets in the financial statements.

Meetings

8. I examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Management has asserted that "open meetings" documents were properly posted on the door of board meetings, and complete agendas were made available, as required. I was provided a copy of the documents that were posted which appeared to have met the open meetings LSA-RS 42:1 through 42-12 requirements.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

LCERN, Inc. provided comprehensive budgets to the applicable local, state, and federal grantors for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the project, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. I reviewed the prior year audit report for any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

LCERN had two prior year report findings that are unresolved. One finding reported that the compilation/attestation engagement was not engaged timely. State audit law requires that the compilation/attestation engagement be completed and reported within six months following the end of the reporting period. The current period compilation/attestation engagement was not engaged timely, either.

Additionally, the Federal tax forms 990 have not been submitted for the years ended December 31, 2002 and December 31, 2003.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the management of LCERN, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deener CPA and Consulting Services, LLC
November 22, 2004

**Louisiana Community Economic Resource Network
4205 ½ Canal Street
New Orleans, Louisiana 70119**

November 22, 2004

Office of the Legislative Auditor
1600 North Third Street
Baton Rouge, Louisiana 70804-9397

Dear Sir:

In response to the December 31, 2003 compilation/attestation report findings, we offer the following corrective action:

Finding: Current year compilation/attestation not engages on timely basis

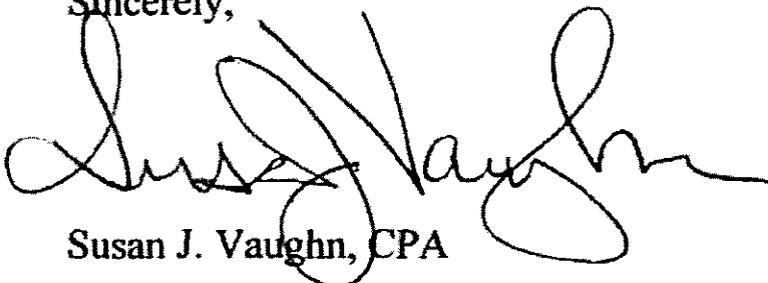
Corrective Action: We concur with the finding and Management will take the necessary steps to engage on a timely basis the services of an independent CPA to meet any state and federal audit requirements.

Finding: Federal tax form 990 has not been submitted

Corrective Action: We have requested the appropriate extension for the tax form 990, and have engaged an independent CPA to complete the return.

If you have any questions, please contact me at (504) 283-1811

Sincerely,

A handwritten signature in black ink, appearing to read "Susan J. Vaughn". The signature is fluid and cursive, with a large loop at the end.

Susan J. Vaughn, CPA